

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2000**

**Ericksen, Krentel, Canton & LaPorte, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

4227 Canal Street

New Orleans, Louisiana 70119-5996

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# Erickson, Krentel, Canton & LaPorte, L.L.P.

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## INDEPENDENT AUDITORS' REPORT

Des Allemands Volunteer Fire Department, Inc.  
P.O. Box 817  
Des Allemands, Louisiana 70030

We have audited the accompanying general purpose financial statements of the Des Allemands Volunteer Fire Department, Inc. as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Des Allemands Volunteer Fire Department, Inc.'s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Fire Department has excluded from the general fixed asset and long-term debt account groups a lease obligation that, in our opinion, should be included to conform with generally accepted accounting principles. The effect of this departure on the accompanying general purpose financial statements could not readily be determined.

In our opinion, except for the effect of the matter discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Des Allemands Volunteer Fire Department, Inc. as of December 31, 2000, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2001 on our consideration of the Des Allemands Volunteer Fire Department, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

May 31, 2001

  
Certified Public Accountants

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2000**

**ASSETS AND PROVISIONS**

	Governmental Fund Type	Account Group		Totals (Memorandum Only)	
	General Fund	General Fixed Assets	Long-term Debt	2000	1999
Cash	\$ 98,872	\$ -	\$ -	\$ 98,872	\$ 77,498
Due from Parish (Note 3)	4,714	-	-	4,714	3,928
Fire protection vehicles	-	865,123	-	865,123	865,123
Equipment	-	455,503	-	455,503	439,392
Buildings	-	134,147	-	134,147	128,297
Land	-	7,000	-	7,000	7,000
Debt retirement provision	-	-	69,316	69,316	86,564
<b>Total assets</b>	<b>\$ 103,586</b>	<b>\$ 1,461,773</b>	<b>\$ 69,316</b>	<b>\$ 1,634,675</b>	<b>\$ 1,607,802</b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES:**

Accounts payable	\$ 5,776	\$ -	\$ -	\$ 5,776	\$ 4,677
Notes payable	-	-	69,316	69,316	86,564
<b>Total liabilities</b>	<b>5,776</b>	<b>-</b>	<b>69,316</b>	<b>75,092</b>	<b>91,241</b>

**FUND EQUITY:**

Fixed asset investment	-	1,461,773	-	1,461,773	1,439,812
Fund balance, unreserved, undesignated	104,359	-	-	104,359	89,962
<b>Total fund equity</b>	<b>104,359</b>	<b>1,461,773</b>	<b>-</b>	<b>1,566,132</b>	<b>1,529,774</b>
<b>Total liabilities and fund equity</b>	<b>\$ 110,135</b>	<b>\$ 1,461,773</b>	<b>\$ 69,316</b>	<b>\$ 1,641,224</b>	<b>\$ 1,621,015</b>

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	2000	Totals (Memorandum Only) 1999
<b><u>REVENUES:</u></b>		
Sales tax - 1/8 cent	\$ 65,586	\$ 75,225
Ad valorem tax	103,922	104,750
Other revenues	7,004	8,142
Total revenues	<u>176,512</u>	<u>188,117</u>
<b><u>EXPENDITURES:</u></b>		
Utilities:		
Electricity	6,417	5,809
Telephone	7,175	8,342
Water	1,633	1,099
Equipment:		
Maintenance	23,000	20,037
Fuel	4,679	3,506
Insurance	6,138	6,559
Buildings:		
Maintenance	8,939	3,269
Insurance	4,700	4,660
Personnel:		
Insurance	2,840	2,840
Training	6,549	13,213
Fire fighting expenditures:		
Fire fighting supplies	12,588	16,273
Emergency system access	-	20,000
Miscellaneous:		
Accounting and auditing	3,000	3,000
Dues and subscriptions	525	75
Office expenses	8,529	11,403
Meetings and other	12,743	8,481
Account group activity:		
Equipment purchases	21,961	334,591
Debt retirement	17,248	10,694
Interest expense	6,697	5,269
Total expenditures	<u>155,451</u>	<u>479,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>21,061</u>	<u>(290,963)</u>
<b><u>OTHER FINANCING SOURCES:</u></b>		
Proceeds from debt incurred	-	97,258
Total other financing sources	<u>-</u>	<u>97,258</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>21,061</u>	<u>(193,705)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>76,749</u>	<u>270,454</u>
FUND BALANCE, END OF YEAR	<u>\$ 97,810</u>	<u>\$ 76,749</u>

See accompanying NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Des Allemands Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

**Fund Accounting**

The accounts of the Fire Department are organized on the basis of a fund (General Fund) and account groups, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Fire Department records are maintained on a cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

**Revenues**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2000**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenues (Continued)

An ad valorem issue is dedicated to the operations of the Fire Departments. The tax millage expires in 2009. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

Cash and Cash Equivalents

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

At December 31, 2000, the carrying amount of the Fire Department's deposit was \$98,872, and the bank balance was \$89,280, classified as follows:

Federally insured	\$ 89,280
Collateralized	-
Uninsured and uncollateralized	-
	<u>\$ 89,280</u>

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2000**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting**

The Fire Department was not required to prepare a budget for the year ended December 31, 2000.

**Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in governmental funds.

**Fixed Assets and Long-Term Debt**

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on fixed assets. Fixed assets are valued at historical cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Long-term liabilities expected to be financed from the General Fund are accounted for in the general long-term debt account group.

The two account groups are not "funds". They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

**Total Columns of Combined Balance Sheet**

Total columns on the combined balance sheet are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire Department's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.



**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2000

**(2) SALES TAX REVENUE**

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective January, 2000, the sales tax is distributed on the following basis:

	<u>Monthly Basis</u>	<u>Percent of Remaining Funds</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.69%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.68%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.07%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	5.88%
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.47%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.52%
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	10.19%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.79%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.71%

**(3) DUE FROM PARISH**

Revenue receivable at December 31, 2000, consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2000, collected on or before December 20, 2000, by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2001.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2000.

**(4) CHANGES IN GENERAL FIXED ASSETS**

	<u>Balance 1/1/00</u>	<u>Purchases 2000</u>	<u>Retirements 2000</u>	<u>Balance 12/31/00</u>
Fire protection vehicles	\$ 865,123	\$ -	\$ -	\$ 865,123
Equipment	439,392	16,111	-	455,503
Buildings	128,297	5,850	-	134,147
Land	7,000	-	-	7,000
	<u>\$ 1,439,812</u>	<u>\$ 21,961</u>	<u>\$ -</u>	<u>\$ 1,461,773</u>

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2000

**(5) GENERAL LONG-TERM DEBT**

The following is a summary of changes in general long-term debt during the year ended December 31, 2000:

Long-term debt, beginning of period	\$ 86,564
Increases	-
Reductions	<u>(17,248)</u>
Long-term debt, end of period	<u>\$ 69,316</u>

The annual requirements to amortize debt outstanding as of December 31, 2000 are as follows:

<u>Year</u>	
2001	\$ 18,773
2002	20,433
2003	22,239
2004	<u>7,871</u>
	<u>\$ 69,316</u>

Details of long-term debt are as follows:

Note payable to Bank One collateralized by a 1998 Hackney Emergency Vehicle, bearing an interest rate of 8.5%, payable in monthly installments of \$1,995.40. Due April 27, 2004. \$ 69,316

**(6) CASH**

The Fire Department maintains a separate petty cash account. The petty cash account is funded through public functions held by the Fire Department. Expenditures from this petty cash account are for expenses related to the functions. The amount in the petty cash account was not included in the financial statements and was therefore not subjected to the audit procedures of the financial statements.

**(7) RISK MANAGEMENT**

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2000**

**(8) LEASES**

During 1999, the Fire Department entered into an agreement to lease office equipment. Rent expense under this lease for the year ended December 31, 2000 was \$1,789.

During 2000, the Fire Department entered into an agreement to lease postage equipment. Rent expense under this lease for the year ended December 31, 2000 was \$94.

# Ericksen, Krentel, Canton & LaPorte, L.L.P.

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Des Allemands Volunteer Fire Department, Inc.  
P.O. Box 817  
Des Allemands, Louisiana 70030

We have audited the general purpose financial statements of Des Allemands Volunteer Fire Department, Inc., as of and for the year ended December 31, 2000, and have issued our report thereon dated May 31, 2001, which was qualified because the Fire Department has excluded from the general fixed assets and long-term debt account groups a lease obligation that, in our opinion, should be included to conform with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Des Allemands Volunteer Fire Department, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2000-5, 2000-6, 2000-7 and 2000-8.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Des Allemands Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Des Allemands Volunteer Fire Department, Inc.

May 31, 2001

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Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Des Allemands Volunteer Fire Department, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1, 2000-2, 2000-3 and 2000-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-1, 2000-3 and 2000-4 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of Des Allemands Volunteer Fire Department, Inc. in a separate letter dated May 31, 2001.

This report is intended solely for the information and use of Des Allemands Volunteer Fire Department, Inc., St. Charles Parish and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

May 31, 2001

  
Ericksen, Krentel, Canton & LaPorte  
Certified Public Accountants

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

We have audited the financial statements of Des Allemands Volunteer Fire Department, Inc. as of and for the year ended December 31, 2000, and have issued our report thereon dated May 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2000 resulted in a qualified opinion.

**SECTION I SUMMARY OF AUDITORS' REPORTS**

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No

Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

- b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses ☐ Yes ☐ No

Reportable Conditions ☐ Yes ☐ No

Type of Opinion on Compliance Unqualified ☐ Qualified ☐  
for Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐ Yes ☐ No

- c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

Dollar threshold used to distinguish Type A and Type B Programs \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No **Not Applicable**

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2000-1 Segregation of Duties**

Criteria: Safeguarding of assets requires adequate segregation of duties in an effective internal control structure. No one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts and disbursements.

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: The Department is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel. All personnel are volunteers.

Recommendation: The Board of Directors should remain involved in the day-to-day financial affairs of the Department to provide oversight and independent review functions. The bookkeeper should not be an authorized check signer and should not have access to cash receipts. Instead, someone independent of the bookkeeper should prepare a list of checks received and should make bank deposits. The list would be given to the bookkeeper for general ledger recording.

Management's Response: Management agrees with the recommendation; however, they feel that because of the small number of personnel in the Department it is not possible to remove the bookkeeper from the depositing and check signing responsibilities. The Board of Directors, however, will continue to monitor and review all financial transactions of the Department.

**2000-2 Failure to Deposit Cash Receipts on a Timely Basis**

Criteria: Cash receipts should be deposited timely to minimize the risk of loss from misplacement or misappropriation.

Condition: During our audit, we noticed several instances where cash receipts were being deposited up to three months after receipt.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

Effect: The risk of receipts being misplaced or misappropriated is greatly increased. Additionally, undeposited amounts are not available for expenditures and can create cash flow problems.

Cause: The Department failed to deposit receipts on a timely basis.

Recommendation: We recommend that deposits be made timely to both improve cash flow and to reduce the risk of loss.

Management's Response: Management agrees with the recommendation; cash receipts will be deposited on a timely basis in the future.

**2000-3 Cash Disbursements - Use of ATM Card**

Criteria: The Department's internal control policy requires dual signatures on all cash disbursements. This practice allows for additional oversight over disbursements.

Condition: During the current year, the Department obtained an ATM card to be used to pay for purchases.

Effect: The use of an ATM card to pay for purchases negates the purpose of having dual signatures for each disbursement which eliminates additional oversight for transactions. During the year ended December 31, 2000 there were several ATM cash withdrawals. One withdrawal for \$402 was not supported by invoices.

Cause: The Department failed to adhere to its policy regarding disbursement authority.

Recommendation: We recommend that the Department immediately discontinue use of the ATM card. All purchases should be made by check. It should be extremely rare that a purchase would be required that would not be made under the normal payment policies of the Department. The Department should also seek reimbursement for the unsupported \$402 withdrawal from the individual who used the card.

Management's Response: Use of the ATM card will be discontinued and all disbursements will be made by check.



**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**2000-4 Records Storage and Retrieval System**

**Criteria:** All disbursements should be supported by proper authorization and documentation. Pursuant to Louisiana Revised Statutes, all financial records should be retained at least until the Department's external audit is complete. For Internal Revenue Service requirements, a four to five year record retention policy is necessary. Also, orderly filing should be maintained to insure proper control over all supporting documentation including invoices evidencing revenues, expenditures, etc.

**Condition:** Several disbursements during the year lacked required documentation. Also, documentation was not filed orderly.

**Effect:** Approximately \$5,400 in disbursements were not supported by proper documentation, and non productive time was spent searching for needed documents.

**Cause:** The Department did not implement an orderly filing system.

**Recommendation:** We recommend that the Department set up an orderly filing system. For example, file invoices by check number within each quarter's information. This will insure that each check has proper supporting documentation. We also recommend that "sign-out" cards be filled out when a document is removed, showing who took the record. The card should be placed in the file in place of the removed document.

**Management's Response:** Management agrees with the recommendation and an orderly filing system will be implemented. Also management will insure that all disbursements have proper supporting documentation.

**2000-5 Private Use of Public Funds**

**Criteria:** Article VII, Section 14 of the Louisiana State Constitution prohibits the use of public funds for private purposes.

**Condition:** During the year, the Department reserved a hotel room for an out of town training seminar for \$349. The members who were going to attend the seminar cancelled out before the date of the event. The Department did not cancel the room reservation. Another member decided to use the room for his family with the intent of reimbursing the Department for the cost. However, this reimbursement was not deposited into the public funds account.

**Effect:** The Department violated the law prohibiting the use of public funds for private purposes by allowing the member to use the room.

**DES ALLEMANS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

Cause: Management failed to monitor the use of public funds. Further, even though the member stated that he reimbursed the Department, management did not insure that the reimbursement was made into the public funds account.

Recommendation: We recommend that adequate support be submitted ahead of time for all disbursements and management should not allow the use of public funds for private purposes under any circumstances. Management should also verify that the amount was reimbursed and, if it was not, immediately demand reimbursement.

Management's Response: Management agrees with the recommendation, and they will not allow the use of public funds for private purposes in the future.

**2000-6 Use of Public and Private Funds**

Criteria: The St. Charles Firemen's Association Expenditures Policy requires public tax monies to be spent only for items or services that are directly related to firefighting, training, public education, or other activities which may be associated with the fire department. The Department is allowed to have a private funds account to pay for items not available with public money. The source of the private monies are usually donations received from local businesses and individuals, as well as, fundraisers.

Condition: The Department used public funds to advertise for their open house during fire prevention week. While this disbursement was within the expenditure policy guidelines, the Department generated revenue from this event which was then deposited into their private funds account.

Effect: The Department used public funds to generate private revenue.

Cause: Management used public funds and deposited the proceeds into the Department's private account.

Recommendation: We recommend that the Department immediately reimburse the public funds account for all amount expended for purposes benefiting the private account. Additionally, the Department should consider eliminating the private account.

Management's Response: Management will consider this recommendation and discuss it with the Board of Directors. If the account is not eliminated, management will more closely monitor the use of public funds and insure that future expenditures are made from the proper account.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**2000-7 Reimbursement for Use of Personal Vehicle**

**Criteria:** The St. Charles Firemen's Association Expenditure Policy states that reimbursement for the use of personal vehicles while on approved fire department business, outside of St. Charles Parish, shall be at the current IRS rate per mile.

**Condition:** During our audit we noticed that members of the Department submitted receipts for fuel when they used their personal vehicle for fire department business. The Department reimbursed members for fuel based on actual gas receipts rather than having them keep track of their mileage and request reimbursement at the IRS standard rate per mile.

**Effect:** There is no documentation to support the actual travel mileage and members may have been reimbursed for more or less than at actual per mile rates.

**Cause:** Management did not enforce the St. Charles Firemen's Association Expenditure Policy regarding reimbursement for use of personal vehicles while on approved fire department business.

**Recommendation:** We recommend that management inform its members of the policy for reimbursement when they use their personal vehicles on approved fire department business. Approved fuel expenses should only be allowed for expense requests that are supported with adequate odometer readings. Mileage logs should also be maintained in all Department vehicles.

**Management's Response:** Management agrees with the recommendation and will inform the members of the policy.

**2000-8 Bond Commission Approval**

**Criteria:** Louisiana laws affecting local governments require that the local government obtain approval from the State Bond Commission in order to incur new debt.

**Condition:** Our tests of compliance revealed that State Bond Commission approval was not obtained for the \$97,258 of new debt incurred during 1999. During 2000 the Department failed to obtain subsequent approval of the debt from the State Bond Commission as we recommended in the 1999 compliance report.

**Effect:** The Department failed to comply with the provisions of Article VII, Section 8 and Article VI, Section 33 of the 1974 Louisiana Constitution and LSA-RS 47:1803-4.

**Cause:** Management was not aware of the requirements to obtain State Bond Commission approval on all forms of new debt.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

Recommendation: The Department should file an application for subsequent approval of the debt from the State Bond Commission.

Management's Response: The Department will seek subsequent approval.

# Ericksen, Krentel, Canton & LaPorte, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 FAX (504) 482-2516 E-Mail ekcl@ekclcpa.com

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KIMBERLY J. ASHER\*  
W. EUGENE FORTNEY

\*PROFESSIONAL CORPORATION  
BENJAMIN J. ERICKSON (Retired 1998)  
J.V. LOUIS KRETEL (Retired 1992)  
RONALD H. ACHERMAN (Retired 1995)

May 31, 2001

Des Allemands Volunteer Fire Department, Inc.

P.O. Box 817

Des Allemands, Louisiana 70030

In planning and performing our audit of the financial statements of Des Allemands Volunteer Fire Department, Inc. for the year ended December 31, 2000, we considered the Department's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated May 31, 2001, contains our report on reportable conditions in the Department's internal control. This letter does not affect our report dated May 31, 2001, on the financial statements of Des Allemands Volunteer Fire Department.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Department personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Certified Public Accountants

Des Allemands Volunteer Fire Department, Inc.

May 31, 2001

Page 2

### MANAGEMENT LETTER POINTS

#### 2000-9 Failure to Return Advances Timely

During our audit we noticed that the Department advanced funds to its members for various Department expenses. In some instances, the members did not repay the unused portion of the advance immediately. We recommend the following to avoid future problems:

1. The Department pay for all known expenses ahead of time.
2. The members pay for all expenses with their own money and submit expense reports to be reimbursed when they return.
3. The Department strictly enforce the guidelines of the St. Charles Parish Firemen's Association related to advances and the repayment of unused funds immediately.

We further recommend that the Department seek advice and possible oversight from the St. Charles Parish Firemen's Association to become familiar with state and Association laws and requirements so that future issues can be avoided.

**DES ALLEMANDS VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**1999-1 Bond Commission Approval**

Our tests of compliance revealed that State Bond Commission approval was not obtained for the \$97,258 of new debt incurred during 1999.

This issue remains unresolved and has been reported in our current year Schedule of Findings and Questioned Costs as item 2000-8.

**1999-2 Segregation of Duties**

Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives relative to cash receipts and disbursements.

The Department is small, and it was determined not to be feasible to maintain adequate segregation of duties. This issue remains unresolved.

**1999-3 Failure to File Audit Report by Deadline**

Our tests of compliance revealed that the Department failed to comply with Louisiana laws establishing deadlines for financial reporting.

The Department submitted the audited financial statements on August 3, 2000. This issue has been resolved.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Not Applicable

**SECTION III MANAGEMENT LETTER**

Not Applicable

**CORRECTIVE ACTION PLAN RELATIVE TO  
MANAGEMENT LETTER ITEMS**

May 31, 2001

Louisiana Legislative Auditor

Des Allemands Volunteer Fire Department respectfully submits the following corrective action plan for the year ended December 31, 2000.

Name and address of independent public accounting firm:

Ericksen, Krentel, Canton & LaPorte, L.L.P.  
4227 Canal Street  
New Orleans, Louisiana 70119  
Contact: Ronald H. Dawson, Jr.

Audit Period: 01/01/00 to 12/31/00

The findings from the December 31, 2000 management letter are discussed below. The findings are numbered consistently with the number assigned in the management letter.

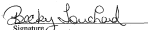
**2000-9 Failure to Return Advances Timely**

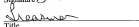
**Recommendation:** The Department should review its policy regarding advanced expenses and consider making necessary changes to avoid having outstanding amounts owed from its members.

**Response:** We've considered all three of your recommendations and have decided that under various circumstances the use of any of the three recommendations may be required. All three however, are more effective than our present policy and we will notify our members of the changes.

If there are any questions regarding this plan, please call Becky Touchard at (504) 416-7646.

Sincerely,

  
Signature

  
Title



**DATA COLLECTION FORM  
FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES**

CMS Form 0348-0057 may be used as a substitute for this form.

RETURN to: Legislative Auditor  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-0397

Date Submitted 6/30/01

1. Fiscal Year Ending Date For This Submission:

12/31/00

2. Audit Period Covered

☒ Annual ☐ Biennial

☐ Other to

3. Type of Report:

☐ Single Audit ☒ GAO Audit Standards Audit  
☐ Compilation ☐ Compilation/Adaptation  
☐ Program Audit ☐ Other

**4. AUDITEE INFORMATION**

Auditee Name  
Des Allemands Volunteer Fire Department, Inc.

Street Address (Number and Street)

P.O. Box 817

Mailing Address (P.O. No.)

City Des Allemands State LA Zip 70030

Auditee Contact  
Name Becky Touchard Title Acting Treas.

Telephone

(504) 416-7649

Fax (Optional)

**5. AUDITOR INFORMATION**

Firm Name  
Erickson, Krentel, Canton & LaPorte, LLP

b. Street Address (Number and Street)

4227 Canal Street

Mailing Address (P.O. No.)

City New Orleans State LA Zip 70119

c. Auditor Contact  
Name Ronald H. Dawson, Jr. Title Partner

Telephone

(504) 486-7275

Fax (Optional)

Fax  
(504) 482-2516

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box; do not complete the rest of the form.

☐

**6. FINANCIAL STATEMENTS**

a. Type of audit report on financial statements: ☐ Unqualified Opinion ☒ Qualified Opinion ☐ Adverse Opinion ☐ Disclaimer of Opinion

b. Is a "going concern" explanatory paragraph included in the audit report? ☐ Yes ☒ No

c. Do any of the funds have deficit fund balances? ☐ Yes ☒ No

d. Is there a related party footnote? ☐ Yes ☒ No

**7. INTERNAL CONTROL**

Do the comments on internal control include: ☒ material weaknesses ☒ reportable conditions ☐ not applicable

**8. COMPLIANCE**

Do the comments on compliance include: ☒ Illegal acts ☐ Fraud/criminal acts ☐ not applicable

**9. MANAGEMENT LETTER (Finding Caption and No.)**

2000-9 Failure to Return Advances Timely

Resolved ☒ Yes ☒ No ☐ No Longer Applicable

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

**10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)**

2000-1 Segregation of Duties

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

2000-2 Failure to Deposit Cash Receipts on a Timely Basis

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

2000-3 Cash Disbursements-Use of ATM Card

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

Continued on Page 2

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions?

☐ Yes ☒ No

Do any findings address violation of bond indenture covenants?

☐ Yes ☒ No

**11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS/MANAGEMENT LETTER COMMENTS**

(Finding/Comment Caption and No.)

1999-1 Bond Commission Approval

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

1999-2 Segregation of Duties

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

1999-3 Failure to File Audit Report by Deadline

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

AUDITEE SIGNATURE Becky Touchard Date 6-31-01

15. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)					
2000-4 Records Storage and Retrieval System	\$ 3,400	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
2000-5 Private Use of Public Funds	\$ 369	Resolved	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
2000-6 Use of Public and Private Funds	\$ various	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
2000-7 Reimbursement for Use of Personal Vehicle	\$ various	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
2000-8 Bond Commission Approval	\$ 97,258	Resolved	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
	\$	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
	\$	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
	\$	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable
	\$	Resolved	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Longer Applicable